

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814 M.S. 17-20
(916) 322-3216



June 10, 1985

ALL COUNTY LETTER NO. 85- 64

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: FOOD STAMP ON-LINE ISSUANCE SYSTEM (FSOLIS) WORKSHOP
QUESTIONS AND ANSWERS

REFERENCE:

The purpose of this letter is to provide to all counties the questions and answers (Attachment 1) generated at the recent Food Stamp On-Line Issuance System (FSOLIS) workshops. The State Department of Social Services is also providing cost estimates (Attachment 2) for contracting with a service center to develop and implement a FSOLIS.

- o Attachment 1, questions and answers generated at the recent FSOLIS workshops.
- o Attachment 2, service center cost estimates to operate the Food Stamp Automated Issuance and Reporting (FAIR) system. These figures represent the estimated costs that a contract vendor may charge for the implementation and on-going operations of FAIR and may be used as a guideline in completing the Cost Benefit Analysis/Implementation Plan.

If you have any questions regarding either of the attachments, please contact Kirby Fukushima at (916) 924-2997.

Sincerely,

A handwritten signature in cursive script that reads 'Joanne Ichimura-Hoffmann'.

JOANNE ICHIMURA-HOFFMANN
Deputy Director
Management Systems and
Evaluation Division

Attachments

cc: CWDA

FSOLIS WORKSHOP
QUESTIONS AND ANSWERS

- A. Funding
- B. Hardware/Software and Bid Process
- C. Evaluation
- D. Cost Benefit Analysis/Implementation Plan
- E. Regulations/Policy

A. FUNDING

1. Are county costs in completing the Cost Benefit Analysis/Implementation Plan (CBA/IP) reimbursable by the State?

Preparation costs for CBA/IP's will be reimbursed at the enhanced funding level as long as they are prepared by non-CWD staff. CBA/IP's prepared by CWD staff will be funded at the normal sharing ratio.

If the CBA/IP demonstrates that implementing a FSOLIS is cost beneficial, the county's share of preparation costs will be borne by the county as development costs. If the CBA/IP demonstrates that implementing a FSOLIS is not cost beneficial the county's share will be reimbursed by the State.

2. Can a county welfare department (CWD) use its existing staff to complete the CBA/IP?

Yes. However, if a CWD utilizes its own staff to complete the CBA/IP, these activities cannot be classified or claimed as developmental costs.

3. Why can't a county be reimbursed for CBA/IP preparation costs at the enhanced level if CWD staff prepare the document?

The current Cost Allocation Plan (CAP) does not allow for claiming CWD staff to a developmental project. The CAP is in the process of being revised. However, revisions will be effective after July 1, 1985.

4. If a county submits more than one CBA/IP, will all CBA/IP documents qualify for enhanced funding?

If more than one alternative is considered at the same time as the Food Stamp Automated Issuance and Reporting (FAIR) system, the CBA/IP's will be treated like a feasibility study report (FSR). As such, the documents will be submitted to the United States Department of Agriculture's Food and Nutrition Service for federal enhanced funding approval.

5. How will cost overruns be handled?

Prior to expenditure, the county must seek approval from the County Approvals Section. The additional expenditures must be cost effective as well as reasonable, in order for the State to pursue FNS approval.

6. Will the State pay for implementation costs in FY 1985/86 for those counties where there is a program benefit but it is not administratively cost beneficial to the counties?

Yes.

7. What will happen if a county has not budgeted county money for FY 1985/86 for FSOLIS implementation?

To obtain the necessary funding for FY 1985/86, the county should follow the normal channels (e.g., Board of Supervisors, etc.).

B. HARDWARE SOFTWARE/BID PROCESS

1. How will FAIR software be obtained?

The Fair software can be obtained by submitting a written request to:

State Department of Social Services
County Standards Section
744 P Street, MS 19-58
Sacramento, CA 95814

2. Will counties be allowed to have a vendor other than Alpha Beta Associates maintain FAIR?

Yes. However, duplicate maintenance of software will not be funded. The SDSS will not fund more than one vendor or agency for the maintenance of FAIR software.

3. Will counties be allowed to have a vendor other than Alpha Beta Associates operate FAIR?

Under the SAWS concept, computer operations is a county option. However, counties must select the most cost effective option.

4. In order to install a FSOLIS, what areas may be subject to a bid process?

- o Software
- o Installation
- o Equipment (issuance and certification site)
- o Magnetic Card equipment
- o Magnetic Cards (production)
- o System maintenance

5. Must you have IBM equipment to operate the existing FAIR software?

FAIR will operate on IBM or IBM compatible equipment.

C. EVALUATION

1. Have counties that have implemented FAIR found it to be cost beneficial?

San Francisco and Fresno Counties have found FAIR to be cost beneficial. Both counties have realized administrative cost savings as well as reductions in program dollar losses.

D. CBA/IP/COMPLETION

1. Could a FSOLIS other than FAIR be approved?

Yes, if it meets FSOLIS state standards, is more cost beneficial than FAIR, and is not in conflict with food stamp regulations.

2. Will CWDs be required to rebid issuance contracts because of changes due to FSOLIS? (e.g., the number of issuance sites are consolidated or reduced.)

It would depend upon the changes being made. In accordance with the Manual of Policies and Procedures Section 63-601.24, amendments to existing contracts require Food Stamp Program Management Branch-SDSS's approval prior to execution if issuance services decrease or the transaction fee increases above \$1.10.

Under proposed contract regulation, a decrease in the number of sites would be considered a major change and require rebidding.

3. Is staggering of issuance mandated? Is justifying staggering for less than ten days necessary?

No, staggering of issuance is not mandated. Staggering of issuance for ten working days should allow for the most cost effective use of equipment. Since less than ten day stagger might increase the cost of the hardware, less than a ten day stagger requires justification.

4. What will be the SDSS review time frames?

Per Division 28 Regulations, SDSS County Approvals Section will respond within 30 working days from the date the CBA/IP is received.

5. Is there a state discount for the purchase of equipment?

At this time the SDSS has not investigated this potential method of equipment acquisition. However, the SDSS is willing to pursue the possibility with counties.

6. If we know FSOLIS will not be cost effective, do we have to complete a CBA/IP?

No. Mandated counties must submit a complete and detailed CBA/IP, an FSR, or a letter indicating why a FSOLIS is not obviously cost effective. This letter should: (1) contain a detailed explanation of the county's circumstances; (2) adequately document that a FSOLIS is not cost effective; and (3) show that the county considered the FAIR system. If these issues are not adequately addressed, a completed CBA/IP will be required.

7. Will it be necessary for a county to submit a CBA/IP if the number of food stamp households exceed 2,000 after July 1, 1985?

No, only those counties with food stamp households of at least 2,000 as of July 1, 1985 will be required to submit a CBA/IP.

8. Are site preparation costs included in the CBA/IP?

Yes, site preparation costs should be included. This would include any reasonable costs to prepare an issuance site in order to accommodate data processing equipment and meet security standards.

9. Is membership in the Welfare Case Data System necessary to implement and operate FAIR?

No.

10. If you were mailing the Food Stamp I.D. cards, would that charge be included in the mail charge of the ongoing system?

Yes.

11. What criteria will be used to determine the cost effectiveness of the system?

A payback period of five years or less.

E. REGULATIONS/POLICY

1. Why mandate a FSOLIS when the current issuance system works well?

Mandating FSOLIS is expected to result in savings to the Federal, State and County governments.

2. Must counties use FSOLIS as their only OTC method of issuance?

Although regulations require FSOLIS to be the only method of OTC, this issue is being reexamined by the SDSS. If a county finds that this requirement causes a FSOLIS to be not cost beneficial or causes operational difficulties, it must be noted on the CBA/IP.

3. What is the status of the FSOLIS regulations?

Regulations mandating the CBA/IP and FSOLIS implementation are to be effective by July 1, 1985. If there are some unforeseen delays, we still anticipate that regulations will be in effect to mandate the July 1, 1986 implementation date.

4. What is an access device and why is it mentioned in standards?

An access device permits access to the FSOLIS file. While FAIR currently uses a magnetic card, another access device might include key data entry.

5. Have the standards been finalized and are they going to be published?

The standards are being reviewed by the CWDA and the State SAWS Steering Committee. The standards will be published in a handbook.

SERVICE CENTER COSTS FOR A FSOLIS

These figures represent costs that a Service Center (vendor) might charge for implementing and operating the FAIR system. These cost estimates have been provided to the SDSS by a vendor. Specific costs may vary (be higher or lower) depending on the Service Center selected and individual county data processing requirements.

I. One Time Implementation Costs

A. Site Preparation (modifications to the physical plant and electrical)

\$2000 - \$4000 depending on the age of the building.

B. Conversion Activities

\$20,000 - \$60,000

Conversion activities include documentation, implementation, training for trainers, equipment installation and coordination. Costs include the assumption that each county will convert its own file for the service center.

C. Initial Card Issuance

\$.90 - \$1.22

Cost will depend upon the volume of cards needed and the required turn around time.

II. On-Going Costs

A. Inquiry Transaction (Welfare Office only)

\$.06/each

B. Issuance Cards

\$.90 - \$1.22

C. Issuance Transaction Fee

1. This transaction fee includes the lease or purchase of a complete FAIR equipment work station including a terminal, card reader, screen, and printer. The issuance transaction fee will depend upon the volume of transactions. Lower fees will generally result from high volume.

\$1.20 (High)
\$.80 (Medium)
\$.59 (Low)

2. A transaction fee which does not include the lease or purchase of equipment.

\$1.20 (High)
\$.80 (Medium)
\$.59 (Low)
\$.45 - \$.50

D. Equipment Lease (usually including maintenance)

1. Welfare Office

a. Terminal and Converter \$1200 - \$2000
each per year

b. Printer \$375 - \$500
each per year

Cost will vary depending upon the volume and degree of
utilization.

E. Issuance Site Equipment (usually included in Issuance Transaction Fee)

F. Communication Lease

1. Lines \$1550 per year/
per location

This is the average cost per location. Line charges will vary
depending upon distance, location of county and telephone service
company.

2. Modems (Lease)

a. Welfare Office \$1600 - \$1940
per year/per location

b. Issuance Site (included in Issuance Transaction Fee)